

CMS - NC Pediatricians need your help to save The Best Medicaid Program in the country!

I have been a pediatrician in eastern NC for 31 years. I have watched incremental improvement in NC Medicaid since the late 80's and have been proud to say I do not know a pediatrician in the state who does NOT take Medicaid! After reading the State's Waiver proposal, I am very afraid of what will happen to our great program. It can't improve state access or \$\$ savings without substantial buy-in from physicians. We are 8% less than 5 years ago on a PMPM basis - a drop built entirely on CCNC's positive relationship with NC physicians. It certainly cannot improve access for children since over 90% of Pediatricians now take Medicaid, and that number will be cut more than half with the ill will generated by this regressive waiver proposal. This waiver is really about the survival of Pediatrics in North Carolina.

The Legislature says private MCO's running Medicaid will bring "predictability" to NC's budget. Private companies do not stay in business by losing money! NC Medicaid blew out its budget in 2008/9 because it was easier to "low-ball" the Medicaid budget than it was to rein in other expenditures. NC's recession caused a higher Medicaid costs - which was not Medicaid's fault.

Since the legislature did not expand Medicaid in NC, the bulk of patients - 71% - are pediatric. But, the bulk of the expenditure is still on the adult side with costs on a PMPM being approximately 8 times higher in adults than children. We do need to tweak the adult costs, but should not wreck children's Medicaid to do so - children should be exempted from this waiver.

Adult practices who take Medicaid receive only 3-5% of their total revenue from Medicaid. If this ill-advised experiment fails, the adult practices will barely notice a bump. (This is why the state's Medical Society has not been more vocal in fighting our legislator's plans - they know if Medicaid falls apart their members will be fine.

Pediatricians on the other hand, have for years felt responsible for ALL children in their communities. Generally it is only in a few large cities that pediatric practices can exist without Medicaid and children can get care without private pediatricians. Pediatricians in smaller towns - and NC is primarily rural - know if we do not care of our Medicaid children, they will not have high quality care or access. Our 11 doc practice currently has no restrictions and we have ~35% Medicaid in 3 sites. Across the state pediatricians have from 20% to 80+% Medicaid. This dependency on Medicaid is different from other states and very different from adult medicine. Pediatricians cannot survive if our cost to care for Medicaid children exceeds our payments. With current Medicaid payments only ~76% of Medicare, we cannot tolerate a further reduction in Medicaid payments.

Since 2004, every SPA (State Plan Authority) submitted to CMS has stipulated that payments for Medicaid services will not be increased. In 2014, the legislatures passed a 3% withhold to later reward cost efficient practices. That withhold was converted to a reduction in payments without CMS review. So since 2004, our rates have been frozen AND the legislature recently imposed a 3% reduction! We cannot trust our legislature to support pediatricians serving Medicaid patients to stay in business.

By law, this waiver is neutral in cost to CMS. By intent, this will be neutral in expenditures by the state. Private MCO's will NOT absorb losses and stay in business. Our DMA office spends approx 6%

administering Medicaid. Insurance companies spend 15% to 20% administering health plans and making profit. The state will still need 4% or more to administer the 6 to 15 companies the legislature envisions running NC Medicaid. To me it is clear that to maintain the state and CMS "budget neutral" and to build in profit for the MCO's, our payments will have to decrease at least 13% to 18%! We cannot tolerate such a drop coupled with the administrative nightmare of a multitude of companies running NC Medicaid each with different rules!

Can you please help NC maintain its award-winning "best of breed" Medicaid program? Reject this waiver out-right, or exclude children under 18. Any other outcome will be disastrous for the healthcare of ALL children in the state - not just Medicaid!

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